MASSACHUSETTS EMPLOYMENT

CREATING A WINDOW OF OPPORTUNITY
IN THE MID-1980'S

COMMONWEALTH OF MASSACHUSETTS

Division of Employment Security

Michael S. Dukakis, Governor
Evelyn F. Murphy, Secretary, Economic Affairs
Kristin S. Demong, Director, DES

MASSACHUSETTS EMPLOYMENT

CREATING A WINDOW OF OPPORTUNITY IN THE MID-1980'S

PREPARED BY THE DIVISION OF EMPLOYMENT SECURITY
AND THE CENTER FOR LABOR MARKET STUDIES
FEBRUARY 22, 1985

EXECUTIVE SUMMARY

Between 1983 and 1984 the Massachusetts economy registered unprecedented employment gains. Nearly 160,000 net new jobs were created during the year, representing an employment growth rate of 5.9%. This annual employment growth rate is the highest since World War II.

- The Massachusetts annual unemployment rate of 4.8% in 1984 was substantially below the national average of 7.5%. In addition, the Commonwealth's unemployment rate was the lowest among all major industrial states.

- Employment growth was registered throughout all sectors of the state economy. The service and trade sector each accounted for 30% of all new jobs while manufacturing was responsible for 27% of total employment growth. Within manufacturing, high technology generated 22,700 jobs or 15% of total employment growth.

- Each of the state's eleven major labor market areas registered employment gains between 1983 and 1984, ranging from 3.0% in Fitchburg - Leominster to 9.7% in Lowell. Boston, the state's largest labor market area, grew by 6.3% and accounted for 60% of all new jobs created during the year.

- Although all of the State's labor market areas experienced substantial gains between 1983-1984, geographic pockets of unemployment continue to exist. Some examples are New Bedford (7.1%) and Athol (9.0%).

Despite the favorable employment picture, unemployment problems for selected population groups persist.

- While blacks and teens registered significant gains between 1983 and 1984 and outperformed their national counterparts by a wide margin, their annual unemployment rates of 9.8% and 9.6% were still double the Massachusetts overall rate of 4.8%.

- In addition, the hispanic unemployment rate was nearly 4 times the state average and well in excess of the unemployment rate for hispanics nationally.

The Massachusetts poverty rate was also well below the national average. During 1983, the most recent year for which data is available, 294,000 people or 6.5% of the 16+ population were in poverty. The Massachusetts poverty rate, however, was less than one-half the national poverty rate of 14.0%.

- Blacks and hispanics in Massachusetts were five times more likely to be poor than whites as evidenced by a poverty rate of 25.5% in 1983. From another perspective, blacks and hispanics account for just 5% of the population but comprise 20% of the poverty population.

- The female poverty population in Massachusetts is more than double the size of the male poverty population. Even more serious is the poverty problem of female headed families. Although women head 15% of all families in the Commonwealth, 60% of all poor families are headed by women.

- Nearly one-third of all poor people are employed; indicating that the problems faced by the poor are not only associated with joblessness but as well with underemployment. Income inadequacy for this group are associated with seasonal employment, part time employment or year round full time work at low wages.

- The findings pertaining to the labor force status of the poverty population also reveal that more than 60% of all poor individuals did not participate in the labor force. Prior studies have indicated that between 25 and 30% of these individuals are part of the so called "labor force overhang", i.e. those who are not participating but do have a job desire. Reasons for lack of participation include child care, transportation and discouragement.

It is also clear that educational attainment had a direct influence on whether or not individuals experience poverty. One half of all poor people in Massachusetts are high school dropouts. In addition, high school dropouts are between 2.3 and 3.3 times more likely than high school graduates to be poor.

- The high school dropout problem in Massachusetts is especially acute among 16-19 year old youths. Young dropouts were 74% more likely to be unemployed than high school graduates. In addition, the problem for young black dropouts is even more severe. Only one in four black dropouts had a job as compared to one-half of young black high school graduates.

- The problems of high school dropouts appear to be concentrated among females. Nearly three quarters of all teenage dropouts are women. Findings from national research indicate that between 35% and 45% of all female dropouts leave school due to pregnancy and marriage.

The strong performance of the Massachusetts economy provides us with a unique opportunity to focus on the demographic groups and geographic areas that have not fully benefited from the current expansion. The Employment and Training CHOICES Program for welfare recipients is an example of the level of state commitment and type of services that could be made available to all.

INTRODUCTION

In recent years, the Massachusetts economy has experienced a rapid expansion in overall employment growth, accompanied by sharp declines in the level and rate of unemployment across the state. Throughout 1984, 160,000 net new jobs were created in the Massachusetts economy. The employment growth rate of 5.9% was unprecedented and surpassed all years since World War II. This explosive job growth helped reduce the state's overall unemployment rate to the 4% range during recent months. With this record Massachusetts has come close to reaching its "full employment" goal, at least insofar as little of the remaining unemployment in the state can be attributable to a lack of available jobs. The bulk of the state's remaining unemployment problems are likely attributable to frictional, (i.e. problems of labor exchange) and structural, (i.e. problems of the unskilled or skilled mismatch) labor market problems.

This present economic climate is ideal for the Commonwealth to begin creating a society of opportunity for all; in every community and for every citizen of Massachusetts. Despite our resounding economic performance, high unemployment rates and above average incidences of poverty still exist among specific demographic groups in the Commonwealth. Our objective is to increase the number of quality job opportunities for our residents by creating appropriate policies and programs which direct these job opportunities towards individuals most in need.

It is within this framework that the Commonwealth of Massachusetts is formulating a long term Employment Policy. The underpinning of this Employment Policy is the belief that our most valuable economic resources are our human resources. The economic health of our economy and its people are dependent upon maintaining and expanding our economic base and providing quality jobs to all residents of the Commonwealth.

The purpose of this paper is to provide an analysis of the nature and structure of the remaining unemployment and poverty problems in Massachusetts. The focus of this analysis will be upon identifying those groups in the state that have not substantively benefited from recent economic expansion and to begin assessing the reasons why selected groups in the population continue to encounter difficulties in successfully participating in the state's labor market. In this manner, public and private resources can be targeted towards solving these labor market problems, and we can begin building the necessary programs to get residents into the labor force and into available jobs.

In 1983, Massachusetts made a commitment to invest state resources to place welfare recipients in the private sector. The highly successful Employment and Training CHOICES program placed over twelve thousand welfare recipients in permanent unsubsidized jobs last year; meeting the need of employers, welfare recipients who want to be self sufficient, and taxpayers who benefit from the reduction in welfare costs. It is this level of commitment and type of programs and services that must be available for all demographic groups.

Employment Developments, 1983 to 1984

The information presented in Table 1 indicates that between 1983 and 1984 employment gains in Massachusetts occurred in every sector of the economy except government. The overall increase of 159,200 jobs represented the greatest gains in any one year since World War II in both absolute and relative terms. Construction registered an extraordinary growth rate of 16.3% and its employment level was at its highest point since 1974. Wholesale and retail trade accounted for 30% of all job growth in the state expanding by 7.8% and generating 47,600 new jobs. Similarly, services accounted for nearly 30% of total job growth as employment increased by 46,500 jobs or 6.6%.

Within manufacturing, 43,000 jobs were created, representing an increase of 6.8% or 27% of the statewide total. Almost all of this growth occurred in durables goods manufacturing which includes machinery, electrical machinery, transportation, equipment, and instruments. The machine trade sector's rebuilding from the 1982-1983 recession, along with high technology manufacturing firms, combined to generate the bulk of manufacturing employment growth in the state. Between 1983 and 1984 high tech manufacturing employment expanded by 22,700 jobs and accounted for nearly 15% of statewide job growth. While non-durables (which include apparel, textiles, printing and leather) did expand by 5,600 jobs, its growth rate was well below the overall state average, and is consistent with the subpar performance of this sector throughout the last ten years. This development is especially significant since the non-durable goods sector has traditionally been a source of full-time opportunities for minorities, especially hispanics, in the state.

From a regional perspective, every major labor market area registered employment gains during 1983-1984. However, as the data in Table 1A reveals, there were substantial differences in the employment growth rates among labor market areas. Specifically, the Boston LMA exhibited the second highest growth rate (6.3%) and generated 96,100 jobs. The absolute job creation in Boston accounted for slightly more than 60% of all new jobs in the state. Substantial employment gains were registered across a variety of sectors including construction, manufacturing, trade, and services. Lowell was the fastest growing LMA, expanding by 9.7% which resulted in 8700 new jobs. The dominant growth sector in Lowell was manufacturing; 5000 additional jobs were generated in this sector alone.

Among the remaining geographical areas, the Northeast LMA's of Salem-Gloucester and Lawrence registered employment gains of 5.3% and 5.0% respectively. These growth rates translated into job gains of 5100 and 7000. The growth rate in Lawrence would have been substantially higher if the negative impact of Seabrook had been discounted.

Within the western region of the state, Springfield produced 9500 new jobs (a 4.4% increase) while Pittsfield generated 1900 additional jobs (a growth rate of 5.1%). The Springfield LMA was characterized by strong gains in trade and construction while Pittsfield exhibited healthy growth in trade and manufacturing. The central Massachusetts Region of Worcester and Fitchburg-Leominster grew by 5.0% and 3.0%, respectively. These growth rates translated into 8300 jobs for Worcester and 1100 jobs in Fitchburg. The Worcester LMA experienced rapid growth in manufacturing and construction while Fitchburg's employment growth was concentrated in trade.

The final region, Southeast, appeared to lag behind the remainder of the state. While Brockton expanded by 6.0%, representing 3700 new jobs, below average gains occurred in New Bedford (3.8% of 2400 jobs) and Fall River (3.3% or 1900 jobs). In fact, the Fall River and New Bedford LMA's experienced the second and third lowest growth rate of the States eleven major LMA's. Brockton employment growth was spread across the trade, service, manufacturing and construction sector. By contrast, Fall River's strongest advances were in manufacturing and trade, while in New Bedford, the trade sector was the principal source of employment growth.

One final note pertains to the future direction of the Massachusetts economy. Policymakers are questioning how long the current prosperity will continue and if, in fact, the Commonwealth has reached a point of immunity from national economic forces. Forecasting is, at best, an imprecise science. It is safe to assume that because of Massachusetts' favorable industry mix (i.e. less reliance on those industries which are cyclically sensitive or in long term structural decline) and diversity it will likely outperform the nation in the forseeable future. At the same time, economic problems at the national level such as the overvalued dollar and large federal deficits may hamper economic growth at some time in the near future. The current economy, characterized by a low unemployment rate and rapid employment growth, offers an ideal opportunity to address the structural imbalances in the state economy which still exist.

Unemployment and Labor Force Developments

The data provided in Table 2 examines both the structure of unemployment rates and changes in the level of unemployment rates by age, sex and race in Massachusetts and the United States during 1983 and 1984.

As the data clearly reveals, unemployment conditions in Massachusetts relative to the nation in both years was impressive. Every major demographic group, except hispanics, outperformed their national counterparts in 1983 and 1984. In addition, as the Massachusetts average annual unemployment rate fell to 4.8% in 1984 (representing 145,000 people and its lowest average since 1970), the differential for all demographic groups, except hispanics, relative to the nation improved even further. Finally, it must also be noted that Massachusetts had the lowest unemployment rate among the 10 major industrial states in both 1983 and 1984.

Despite this favorable picture, economic problems for selected population groups and geographic areas continue to exist. While blacks and teens registered significant gains between 1983 and 1984, their annual unemployment rates of 9.8% and 9.6% were still double the overall rate of 4.8%. This improvement in the youth unemployment rate, however, should be interpreted cautiously. A review of employment data by full and part-time status reveals that the gains registered by these youth were almost entirely attributable to increases in part-time employment, both voluntary and involuntary, rather than full-time opportunities. This finding is consistent with the rapid growth of the trade and service sectors which will be discussed in more detail later in the paper. With regard to hispanics, their unemployment situation actually <u>deteriorated</u> during 1984 relative to both the nation and within Massachusetts.

Between 1983 and 1984 each of the state's 28 labor market areas experienced substantial reductions in their unemployment rate. Despite this improvement, geographic pockets of unemployment persist. During 1984, the Southeastern Massachusetts labor market areas of Barnstable (6.4%), New Bedford (7.1%), Fall River (7.3%), and Taunton (7.3%) stood well above the statewide average. In Western Masschusetts,

Athol had the highest unemployment rate (9.0%) of all 28 labor market areas in the state, while the Pittsfield labor market area which includes North Adams experienced a unemployment rate of 6.0%. Among those labor market areas in Central Massachusetts with unemployment rates in excess of 6.0% were Southbridge (6.2%), Gardner (6.4%), and Ware (6.9%). It should be evident from this quick geographic overview that not all areas of the state have fully benefited from the strong performance of the Massachusetts economy.

Data appearing in Table 3 provide estimates of the proportion of working age people who were employed on average during 1984. Data are provided for selected age, sex, and race groups in Massachusetts and the U.S.. These employment/population ratios are influenced by the labor force participation rates and unemployment rates for each of the groups included in Table 2. Thus, a lower unemployment rate in the state combined with higher overall labor force participation rates resulted in an employment/population ratio that was 5% higher than that for the nation as a whole. The findings presented in the table also reveal that youth 16-19 were nearly 30% more likely to hold a job than their national counterparts, while blacks in the state were 25% more likely to be employed than blacks across the nation. Thus, it would appear that these two groups were major beneficiaries of the strong job generating performance of the state's economy.

In sharp contrast, hispanics were much less likely to hold a job in Massachusetts than hispanics throughout the nation. In fact, hispanics were 11% less likely to hold a job in the state than in the nation due to both higher unemployment rates and lower labor force participation rates. In short, hispanics have not benefited from the

economic expansion to the same extent as other demographic groups. Low unemployment rates and rapid employment growth is in fact the ideal time to focus on this structural imbalance in the state.

The previous discussion has centered around the employment and unemployment status of key demographic groups within the state along with an overview of the economy. However, employment and unemployment measures do not address the income status of individuals working or seeking work. As a state, we are concerned with the peoples' quality of life. Individuals working full time who are earning below the poverty level are as much of a concern as those who are not working at all. To fully understand labor market related hardship, both labor force measures and income measures must be examined. The next section of this paper provides a description and assessment of poverty within the state.

TABLE 1

EMPLOYMENT GROWTH BY MAJOR INDUSTRIAL

CATEGORY IN MASSACHUSETTS, 1983 AND 1984

	1983	1984	Net Change	Percent Change
Total Nonagricultural Wage and Salary Employment	2692.5	2851.7	159.2	5.9
• Manufacturing	632.9	675.9	43.0	6.8
• Durable Goods	413.9	451.3	37.4	9.0
• Non-Durable Goods	219.0	224.6	5.6	2.6
• High Tech	244.9	267.6	22.7	9.3
Transportation, Communication and Public Utilities	118.2	122.9	4.7	4.0
Wholesale and Retail Trade	610.3	657.9	47.6	7.8
Finance, Insurance and Real Estate	171.8	177.4	5.6	3.3
Services	705.3	851.8	46.5	6.7
Government	371.4	369.7	-1.7	-0.5
Construction	82.6	96.1	13.5	16.3

All employment date in thousands.

TABLE 1A

NONAGRICULTURAL EMPLOYMENT

METROPOLITAN AREAS

1983 - 1984

	1983 Non-Ag. Emp.	1984 Non-Ag. Emp.	% of 1984 State Emp.	Net Emp. Change 1983-1984	Share of Job Growth 1983-1984	% Emp. Change 1983-1984
State	2692.5	2851.7	100.o%	159.2	100.0%	5.9%
Boston	1525.4	1621.8	56.9	96.4	60.6	6.3
Springfield	214.2	223.7	7.8	9.5	6.0	4.4
Worcester	167.3	175.6	6.2	8.3	5.2	5.0
*Lawrence-Haverhill	140.4	147.4	5.2	7.0	4.4	5.0
*Lowell	89.7	98.4	3.5	8.7	5.5	9.7
New Bedford	63.7	66.1	2.3	2.4	1.5	3.8
Brockton	61.8	65.5	2.3	3.7	2.3	6.0
*Fall River	52.2	53.9	1.9	1.7	1.1	3.3
Pittsfield	37.1	39.0	1.4	1.9	1.2	5.1
Fitchburg-Leominster	37.1	38.2	1.3	1.1	0.7	3.0
P/Salem-Gloucester	96.4	101.5	3.6	5.1	3.2	5.3
P/Balance of State	242.8	254.8	8.9	12.0	7.5	4.9

*Includes out of State portions
P/Preliminary
All employment date in thousands.

TABLE 2

UNEMPLOYMENT RATES OF THE 16+ POPULATION

IN THE U.S. AND MASSACHUSETTS

ANNUAL AVERAGE, 1983 AND 1984

	1983			1984		
	U.S.	Mass.	Mass./U.S.	U.S.	Mass.	Mass./U.S.
Total	9.6	6.9	71.9	7.5	4.8	64.0
Males	9.9	7.1	71.7	7.4	4.8	64.9
Females	9.2	6.7	72.8	7.6	4.7	61.8
White	8.4	6.6	78.6	6.5	4.6	70.8
Blacks	19.5	13.7	70.3	15.9	9.8	61.6
Hispanics	13.7	17.3	126.3	10.6	16.4	154.7
Youth (16-19)	22.4	17.4	77.7	18.9	9.6	50.8

TABLE 3

EMPLOYMENT POPULATION RATIOS FOR THE 16+

POPULATION IN THE U.S. AND MASSACHUSETTS

ANNUAL AVERAGE, 1984

	U.S.	Mass.	Mass./U.S.
Total	59.5	64.3	108.6
Males	70.7	75.2	106.4
Females	49.5	54.6	110.3
White	60.5	64.3	106.2
Blacks	52.3	65.6	125.4
Hispanics	57.5	47.7	83.0
Youth (16-19)	43.7	56.0	128.1

OVERVIEW OF POVERTY IN MASSACHUSETTS

The Size and Composition of Poverty in Massachusetts in 1983

Table 4 provides information on the age, sex, and race characteristics of the poverty population in Massachusetts during 1983, the most recent year for which data is available. The poverty level is defined by the Office of Management and Budget (OMB) and in 1983 for Massachusetts stood at $9,900 for a family of four. Information pertaining to both distribution and incidence of poverty is presented. In this manner, we can obtain greater insights into both the magnitude and severity of the problems of poverty among various demographic groups in the state.

As the data in Table 4 reveals, nearly 295,000 people or 6.5% of the 16+ population were poor in 1983. It should be emphasized that the Massachusetts poverty rate of 6.5% was less than half of the national poverty rate of 14.2% in 1983. The state's strong economic performance has reduced unemployment and has also had a needed impact on reducing poverty. Nonetheless, not all groups have benefited equally from this prosperity.

The number of poor women in Massachusetts is more than double the number of poor men. More than two-thirds of all poor persons in the state are women. Even more serious is the poverty problem of female headed families. Although women head 15% of all families in the Commonwealth, 60% of all poor families are headed by women. A family headed by a female is 4 times more likely to be poor relative to all families.

With regard to race, white non-hispanics constitute 80% of the poverty population with the remaining 20% accounted for by blacks and hispanics. When viewed from the vantage point of severity, however, a

much different portrait is presented. The poverty rate for blacks and hispanics was 25.5%, nearly 5 times greater than the white poverty rate of 5.5%. Thus, while blacks and hispanics account for just 5% of the total population, they represent 20% of the state's poverty population. It should also be noted that, although the Current Population Survey (CPS) sample size was not sufficiently large to separate blacks from hispanics, data from the 1980 Census indicated that the hispanic poverty rate was much higher than the overall rate for minorities.

A review of the poverty data by age indicates that slightly less than one-half (43%) of the poverty population were ages 22-44 while nearly one-third (32%) were over 55. In addition, the poverty rate among older persons of 7.5% slightly exceeded the overall statewide rate. The youth population (16-21) accounted for slightly less than one-fifth of the poverty population; however, this age group was characterized by the highest poverty rate (8.6) of the four age groups for which data are provided.

In summary, Massachusetts has a much lower poverty rate than the nation as a whole. The poor are predominately females, whites and individuals 22-44 years of age. This distribution, with the exception of that of females, is largely reflective of these groups representative in the overall population. At the same time, youth (16-21), females and minorities are disproportionately represented in the poverty population. These findings thus suggest that minorities, women and to a lesser extent youth have greater need for comprehensive employment training and support services to improve their employability and raise the level of family incomes over time.

Labor Force Status of the Poor Population

The data included in Table 5 examines the labor force status of the poverty population and compares it to the overall population in the state. The findings appearing in this table suggest that most poor people in the state are not counted as unemployed by the CPS household survey. In fact, only 7.1% of all poor individuals were officially classified as unemployed at the time of the March 1984 survey.

The data also reveal that nearly one-third of all poor individuals had a job at the time of the survey. Nearly 44% of poor males were employed while only 28% of poor women held a job. These underemployed people held jobs that generated earnings insufficient to boost their family incomes above the poverty line. Income inadequacy for this group can occur with seasonal work, part-time employment, and year-round full-time work at low wages.

The data also clearly reveal that 60% of all poor persons of working age in the state did not participate in the labor force, that is, they were not looking or available for work at the time of the March 1984 survey. Poor women were 50% less likely to participate in the labor force than were poor men. Among those out of the labor force are many individuals that desire a job. Prior studies suggest that about 25% to 30% of those who are poor and non-participants do possess a job desire. These individuals, however, are frequently confronted with personal barriers to successful labor force participation often associated with child-rearing and family responsibilities that require social support services.

The findings of our analysis suggest that problems of poverty are more associated with underemployment or non-participation in the labor force rather than simply the inability to find a job. Moreover, these data suggest that a somewhat diverse mix of services will be needed to overcome poverty.

TABLE 4

AGE, SEX AND RACIAL CHARACTERISTICS OF THE POVERTY POPULATION IN MASSACHUSETTS 1983 (16+)

	Total Population	Poverty Population	Poverty Rate	Poverty Distribution
Age				
16-21	607,200	52,200	8.6	17.7
22-44	2,070,500	126,800	6.1	43.0
45-54	574,900	21,500	3.7	7.3
55+	1,246,400	94,100	7.5	31.9
Sex				
Male	2,203,800	94,400	4.3	32.0
Female	2,299,700	200,500	8.7	68.0
Race				
White	4,251,400	234,100	5.5	79.4
Black and Hispanic	230,100	58,600	25.5	19.9
Total	4,503,500	294,900	6.5	

TABLE 5

LABOR FORCE STATUS OF THE TOTAL

POPULATION AND POVERTY POPULATION

BY AGE AND SEX, MARCH 1984

	Total	Employed	Unemployed	Out of Labor Force
Total Population	4,503,500	63.3	3.6	33.1
Poverty Population	294,900	32.7	7.1	60.2
Total Population				
Male	2,203,800	73.0	4.8	22.0
Female	2,299,700	54.0	2.5	43.5
Poverty Population				
Male	94,400	43.4	12.7	43.9
Female	200,500	27.7	4.4	67.9

TABLE 6

TREND IN INDUSTRY EMPLOYMENT IN

MASSACHUSETTS 1977-1984

(IN 1000'S)

Job	1977	1984	1977-84 Change Absolute	1977-84 Change Relative	Share Net Growth
Construction	66.7	96.1	29.4	44.0%	+6.8%
Manufacturing	621.0	675.9	54.4	8.9	+12.5
Durable Goods	377.9	450.9	73.0	19.3	+16.2
Non-Durable Goods	243.2	224.5	-18.7	-7.7	-4.3
Transportation, Communications and Utilities	114.9	122.9	8.0	6.9	+1.8
Trade	533.7	657.9	124.2	23.3	+28.5
Finance, Insurance and Real Estate	143.2	177.4	34.2	23.9	+7.9
Services	528.6	750.8	222.2	42.0	+51.1
Government	407.9	369.6	-38.3	-9.4	-8.8
Total	2416.0	2851.2	435.2	18.0	100.0

Educational Attainment and Labor Market Success

During the 1977 and 1984 period the economic revitalization of Massachusetts has been characterized not only by continuous and rapid expansion in the overall size of employment, but also by changes in the job content of the state economy. In particular, services, trade and, to a lesser extent, durable goods manufacturing have been the primary sources of job growth in the state since 1977. (Table 6). In recent months, each of these sectors has continued to generate substantial employment gains.

Durable goods manufacturing and especially the state's service sector are heavily dominated by occupations requiring relatively high levels of educational attainment. The state's service sector dominated by business services, education and health services utilizes extraordinarily high shares of workers with a minimum of high school level of educational attainment. Similarly the durable goods sector of the state economy, dominated by "High Technology" manufacturing is characterized by staffing patterns that require large shares of workers with at least a high schoool diploma. Thus, two-thirds of the employment growth between 1977 and 1984 was in industries requiring workers with relatively high levels of educational attainment.

The one sector that has experienced substantial growth which does not require high levels of educational attainment is trade. This sector however, has typically served as a bridge labor market for teens or as a mechanism for providing part time jobs. It is not however a sector which has traditionally been a major source of primary jobs, i.e. well paying full time jobs with promotion potential.

Concurrently the state's non-durable goods manufacturing sector continued its long-term secular decline between 1977 and 1984. About one-third of all workers in non-durable goods production do not have twelve years of education. Thus, at the same time that industries which are intensive users of workers with a least twelve years of school were expanding rapidly, industries employing large shares of dropouts were experiencing an absolute decline in employment levels. Thus, changes in the industrial composition of employment have produced a sharp reduction in the share of employed persons that are high school dropouts. Between 1970 and 1984 the non-high school graduate share of total employment fell in half from about 34% in 1970 to 17% in 1984.

Recent studies of the labor market experiences of dropouts in Massachusetts completed by the Center for Labor Market Studies reveal that among older workers and young dropouts alike the relative labor market position of dropouts has deteriorated substantially over time. Virtually every measure of labor market performance including unemployment rates, employment/population ratios, labor force participation rates and earnings differences reveal substantial deterioration in the relative labor market position of dropouts in Massachusetts.

Since 1970, DES projections of industry and occupational employment suggest that future employment growth in Massachusetts will be concentrated in industries that employ only small shares of non-high school graduates. Thus, it appears that the likelihood of labor market success for dropouts throughout the remainder of the 1980's will become even more remote.

Educational Attainment of the Poverty Population

Findings on the relationship between formal educational attainment and poverty status are presented in Table 7. These data reveal the important influence that educational attainment has on the likelihood of being poor. High school dropouts in Massachusetts are between 2.3 times and 3.3 times more likely to be poor than people who completed twelve years of school. Data in column 3 clearly illustrates that the probability of being poor is sharply reduced as the level of educational attainment rises. For example, those individuals that dropped out of school before obtaining a high school diploma have a 1 in 7 chance of being poor while those who completed high school have only a 1 in 20 chance of being poor. Finally, the data in column 4 indicate that one-half of all poor persons in the state failed to finish high school.

Labor Force Problems of Teenage High School Dropouts

At the time of the 1980 decennial census, approximately 39,000 young people between the ages of 16-19 had failed to complete 12 years of education and were not currently enrolled in school in Massachusetts. Analysis of the labor force behavior indicate that young dropouts were 74% more likely to be unemployed that were high school graduates, and dropouts had an unemployment rate that was 2.4 times as large as that observed for graduates. In addition, high school dropouts were much less likely to participate in the labor force. Dropouts were 2.7 times more likely to be non-participants in the labor market.

The labor market position of young black dropouts was extraordinarily poor. Data in Table 8 reveal that only one in four black dropouts had a job compared to one-half of young black high school graduates. This latter group of jobless, high school dropouts face the most serious long-term labor market problems and run the greatest risk of being poor and dependent on public assistance income. These groups are failing to add to their earning capacity through formal education and through actual experience on the job.

Findings of the 1980 Census suggest that about one-half of all dropouts are members of economically disadvantaged families. Among low income dropouts over two-thirds are females (See Table 9). The labor market problems of female dropouts appear to be extraordinarily severe. Previous national research reveal that pregnancy and marriage are the reasons most frequently cited by young women 16-19 for dropping out of high school. Between 35% and 45% of all female dropouts leave school for these reasons. Based on findings for the National Longitudinal Manpower Survey funded by the Department of Labor, this group has not been adequately served by past employment and training programs, largely because of the high cost of doing so, lack of multi-agency coordination, and the risks of low entered employment rates driven by federal standards.

As noted above, recent labor market experiences of young dropouts in our state have been quite poor. Findings from the 1980 Census for Massachusetts revealed that over one-half of all high school dropouts, nearly 20,000 young people, were jobless. Analysis of data from the March 1984 CPS Supplement for the state reveal that about 16,000 young people

aged 16-19 were both dropouts and jobless. Findings from the National Longitudinal Survey suggest that the overwhelming majority (78%) of this "hard core" dropout population are female. The overwhelming majority of these females who were dropouts and jobless claimed that they failed to look for work because of child-care and family-rearing responsibilities.

TABLE 7

EDUCATIONAL ATTAINMENT OF THE

TOTAL POPULATION AND POOR POPULATION

NOT ENROLLED IN SCHOOL (16+) MARCH 1984

HIGHEST GRADE COMPLETED	TOTAL POPULATION 14+	POOR POPULATION 14+	PERCENT OF POPULATION IN POVERTY	DISTRIBUTION OF POOR POPULATION
8 years or less	416,700	70,800	17.0	27.4
9-11 years	458,300	56,400	12.3	21.8
12 years	1,614,200	84,200	5.2	32.5
13-15	640,200	23,300	3.6	9.0
16 years	966,300	24,000	2.5	9.3

TABLE 8

THE LABOR FORCE STATUS OF 16-19 YEAR OLDS

NOT ENROLLED IN SCHOOL BY GRADUATION

STATUS AND RACE IN MASSACHUSETTS, 1980

	TOTAL POPULATION		BLACK POPULATION	
	Graduates	Dropouts	Graduates	Dropouts
Total	63,523	38,957	2,519	2,217
Employed	49,389	19,652	1,296	585
Unemployed	5,419	5,788	281	843
Not in Labor Force	8,715	14,517	942	1,296
Civilian Labor Force Participation Rate	86.3	62.7	62.6	41.3
Unemployment Rate	9.9	23.7	17.8	37.0
Employment	77.7	50.4	51.4	26.4

TABLE 9

ESTIMATES OF THE SIZE AND COMPOSITION OF THE

MASSACHUSETTS 16-19 YEAR OLD DROPOUT POPULATION

Total Number of Dropouts Aged 16-19	38,957
Percent Who are Members of Economically Disadvantaged Families	55.5%
Percent of Disadvantaged Dropouts that are Male	32.0%
Percent of Disadvantaged Dropouts that are Female	68.0%

CONCLUSION

The present Massachusetts economic climate provides us with the unique opportunity to embrace new and more comprehensive approaches to the problems of unemployment and poverty in our state. Strategies need to be developed regarding how we achieve a closer integration of state and local education, training and employment systems. This integration will be necessary to improve and expand current job training and placement programs targeted towards the demographic groups and geographic regions which have not benefited from the economic expansion. In addition, better coordination with economic development and business also needs to be accomplished if these objectives are to be achieved. While the development of a comprehensive Employment Policy represents an ambitious and complex effort, it is one which is necessary if Massachusetts is to continue providing effective services to its citizens and meet the needs of its growing business economy.